

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:581

ANSWERED ON:25.11.2005

CREDIT TO SSI

Budholiya Shri Rajnarayan;Ponnuswamy Shri Mohan;Reddy Shri Karunakara G.;Varma Shri Ratilal Kalidas

Will the Minister of FINANCE be pleased to state:

- (a) whether the RBI has decided to encourage flow of credit to medium industries and facilitate coordination between branches of commercial banks and the Small Industries Development Bank of India (SIDBI) in the delivery of credit to small scale industries;
- (b) if so, the details thereof;
- (c) the time by which this new mode of SSI financing is likely to be introduced;
- (d) the extent to which it will be beneficial for the small scale industries sector;
- (e) whether the Government proposes to increase the loan amount for small and medium scale industries;
- (f) if so, the details thereof; and
- (g) the amount of loan given by public sector banks during the last one year to small scale industries, State-wise?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (d): The Reserve Bank of India (RBI), on 20th May 2005, has advised all Scheduled Commercial Banks and SLBC Convenor Banks to initiate early implementation of a scheme for 'Small Enterprises Financial Centres (SEFCs)'. Under the scheme, banks are encouraged to establish mechanisms for better co-ordination between their branches and branches of SIDBI which are located in the clusters identified by the Ministry of Small Scale Industries for co-financing of SME sector (including tiny and services sector) on mutually agreeable operational modalities to be worked out by SIDBI and the strategic partner banks. The Small Industries Development Bank of India (SIDBI) had initially decided to implement the scheme in 149 clusters and has so far executed MOU with 9 banks.

(e): No, Sir.

(f): Do not arise.

(g): The amount of loan given by Public Sector Banks to SSI during March 31, 2004 state-wise is enclosed at Annexure.